

~~CONFIDENTIAL~~

CENTRAL INTELLIGENCE GROUP

~~INTELLIGENCE REPORT~~

COUNTRY Siam - Malaya

DATE: 25X1A6a

SUBJECT Smuggling of Rubber to Malay States and
Sale to the Soviets

INFO.

DIST. 19 May 1947

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ORIGIN

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SUPPLEMENT

1. In the fall of 1946 the Soviet Purchasing Commission in Singapore let it be known that it was interested in buying rubber. Rubber exporters in Bangkok and Southern Siam have been smuggling rubber into the Malay States and selling to the highest bidder. By so doing, they can receive spot payment in Straits dollars which can be converted on the open market in Siam at a 12 per cent premium over the official rate.
2. Siamese rubber exporters find the foregoing arrangement preferable to sales to the United States which are made through the Rubber Development Corporation
25X1A6a Comment: This ceased to be the case as of 31 March 1947) under an arrangement agreed upon between the two governments. Under this arrangement the price of rubber is controlled under a standard arbitration contract which calls for approximately a 20 per cent holdback of the purchase price which is paid upon grade survey in New York. Siamese rubber exporters have been reluctant to continue sales under this arrangement because of the slowness in the payment of the holdback.
3. Another factor contributing to sales to the Malay States rather than to the United States is the purchasers in the former do not demand as high a grade of rubber as that demanded by the Rubber Development Corporation. The rubber presently produced in Siam is all fourth and fifth grade because of the dislocation of the experienced people who tended the plantations.
4. The Singapore purchasing agent for the Soviets is reported to be a Chinese by the name of AUTANG. Soviet nationals do not seem to operate through direct contacts with the Siamese rubber producers. Rubber producers stated that there have been two Soviet ships in Singapore harbor which loaded a considerable quantity of rubber some of which originated in Siam.

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